

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 07297 141702Z

50

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01

PRS-01 USIA-06 EURE-00 NSC-05 SS-15 STR-04 L-03 H-02

SAJ-01 SAM-01 XMB-02 /116 W
----- 067921

P R 141530Z AUG 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 9456

INFO ALL EC CAPITALS 1007

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

LIMITED OFFICIAL USE EC BRUSSELS 07297

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC DISCUSSIONS OF INTERNATIONAL MONETARY REFORM AND SHORT
TERM ECONOMIC PROSPECTS

REF: A) EC BRUSSELS 6135 (NOTAL)

B) EC BRUSSELS 6332 (NOTAL)

C) EC BRUSSELS 6455 (NOTAL)

D) EC BRUSSELS 6770 (NOTAL)

E) EC BRUSSELS 6899 (NOTAL)

F) EC BRUSSELS 7105

G) EC BRUSSELS 7113 (NOTAL)

H) THE HAGUE 4076 (NOTAL)

1. SUMMARY: THE EC MONETARY COMMITTEE HELD A SHORT UNHAPPY
MEETING AUGUST 11, IN WHICH FRANCE AND OTHER EIGHT
MEMBER STATES FAILED TO NARROW THEIR DIFFERENCES REGARDING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 07297 141702Z

THE EXCHANGE RATE QUESTION. THE SHORT TERM ECONOMIC POLICY

COMMITTEE, MEETING ON AUGUST 12, DEVOTED ITSELF TO A REVIEW OF THE PROPOSED OR POSSIBLE REFLATIONARY ACTIONS TO BE TAKEN BY MEMBER STATES. THE INFORMAL MEETING OF THE FINANCE MINISTERS ON AUGUST 24 IS LIKELY TO BE DEVOTED MAINLY TO FURTHER DISCUSSION OF INTERNATIONAL MONETARY REFORM, PLUS THE QUESTION OF HOW EC PARTICIPATION IN THE PROPOSED FIVE POWER ECONOMIC SUMMIT WILL BE HANDLED. END SUMMARY.

2. AT THE EC FINANCE MINISTERS COUNCIL OF JULY 10 (REFS B AND C) FRENCH FINANCE MINISTER FOURCADE STATED THAT FRANCE WOULD SUBMIT IN ADVANCE OF THE AUGUST 11 MONETARY COMMITTEE MEETING ITS PROPOSALS FOR AN EXCHANGE RATE SYSTEM. COMMISSION AND OTHER MEMBER STATE SOURCES BELIEVED THAT THE FRENCH WOULD MOVE TOWARDS THE POSITION OF THE OTHER EIGHT MEMBER STATES IN THIS PAPER, EVEN IF SUCH MOVEMENT WOULD NOT BE SUFFICIENT. AS IT TURNED OUT, THE FRENCH PROPOSAL WAS ONLY DISTRIBUTED AT THE BEGINNING OF THE MONETARY COMMITTEE MEETING AND IT REPRESENTED AN UNCHANGED POSITION ON THE PART OF FRANCE. FRANCE SPELLED OUT IN MORE DETAIL THAN PREVIOUSLY THE STEPS WHEREBY NATIONS WOULD RETURN TO A SYSTEM OF "STABLE BUT ADJUSTABLE PAR VALUES". THESE STAGES WOULD BE ACCOMPLISHED, ACCORDING TO THE FRENCH PROPOSAL, OVER A RELATIVELY SHORT TRANSITORY PERIOD"" SHORTER THAN THAT SUGGESTED IN THE SPECULATION REPORTED IN PARA 5 OF REF C. THE MISSION OBTAINED A COPY OF THE FRENCH PROPOSAL AND IS TRANSMITTING IT BY SEPTTEL.

3. THE OTHER PARTICIPANTS WERE APPARENTLY BOTH DISAPPOINTED AND IRRITATED AT THE INTRANSIGENT FRENCH POSITION. A COMMISSION SOURCE SUGGESTED TO US THAT HAD THE FRENCH PAPER BEEN CIRCULATED IN ADVANCE OF THE MEETING, MONETARY COMMITTEE MEMBERS LIKE OSSOLA AND EMMINGER WOULD NEVER HAVE ATTENDED. THE FRENCH PAPER PROVOKED NO SUBSTANTIVE DISCUSSION BUT RATHER DISCUSSION OF HOW THE COMMUNITY SHOULD PROCEED.

4. MOST MEMBER STATES FELT THAT RECENT SIMON STATEMENTS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 07297 141702Z

HAD SOME ENCOURAGING THINGS TO SAY REGARDING GOLD AND IMF QUOTAS, PRINCIPAL ELEMENTS OF THE IMF REFORM PROPOSALS. AFTER DISCUSSION THE MONETARY COMMITTEE AGREED ON THE IDEA OF SEEKING TO REACH INTERNATIONAL AGREEMENT ON GOLD AND QUOTAS, EVEN THOUGH THE COMMUNITY IS NOT READY TO TAKE A POSITION ON THE EXCHANGE RATE ISSUE. THE COMMUNITY COULD REVEAL IN THE SEPTEMBER WASHINGTON MEETINGS ITS POSITION ON THE FIRST TWO ELE-

MENTS WITH A VIEW TO EVENTUAL INTERNATIONAL AGREEMENT.
MOST EC COUNTRIES WOULD BE PREPARED TO RATIFY THESE
TWO POINTS BY JANUARY EVEN IF AGREEMENT WERE THEN
STILL NOT POSSIBLE ON THE EXCHANGE RATE ISSUE.

5. AMONG THE OTHER, MINOR POINTS DISCUSSED BY THE
MONETARY COMMITTEE WAS A FRENCH PROTEST AT THE FAIL-
URE OF OTHER COMMUNITY EXECUTIVE DIRECTORS OF THE
IMF TO AGREE TO SPECIAL RECOGNITION OF THE FACT THAT
FRANCE WAS RETURNING TO THE SNAKE.

6. THE SHORT TERM ECONOMIC POLICY COMMITTEE MEETING
OF AUGUST 12 WAS DEVOTED TO REPORTS BY MEMBER STATE
REPRESENTATIVES ON WHAT THEY ARE DOING TO STIMULATE
THEIR ECONOMIES (SEE REF D). THE FRENCH AND GERMANS
WERE ABLE TO ANNOUNCE THAT BEGINNING IN SEPTEMBER THEY
WOULD BE TAKING STIMULATIVE MEASURES AND THE ITALIANS
NOTED THEIR RECENTLY ANNOUNCED REFLATIONARY PROGRAM.
LUXEMBOURG STATED THAT IT WOULD PROBABLY INSTITUTE
STIMULATIVE MEASURES LATER IN THE YEAR AND DENMARK,
THE NETHERLANDS AND BELGIUM NOTED THE POSSIBILITY OF
MINOR MEASURES OF THIS NATURE.

7. IT APPEARS THAT THE MAIN SUBJECT OF THE FINANCE
MINISTERS MEETING OF AUGUST 24 WILL BE THE POSITION TO
BE TAKEN ON IMF REFORM. IT IS CLEAR THAT THE FRENCH
AND THE OTHER EIGHT ARE UNABLE TO REACH AGREEMENT AT
THIS POINT ON THE EXCHANGE RATE ISSUE. THERE MAY BE
AN EFFORT, HOWEVER, TO AGREE ON THE TACTICS TO BE FOL-
LOWED IN THE WASHINGTON MEETING. DOMESTIC ECONOMIC
MEASURES ARE LIKELY TO BE TOUCHED ON ONLY LIGHTLY
SINCE IN THIS AREA, AS NOTED IN REF D, NOT ONLY THE
POWERS OF DECISION, BUT ALSO THOSE OF IMPLEMENTATION,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 EC BRU 07297 141702Z

REST WITH THE MEMBER STATES INDIVIDUALLY AND NOT WITH
THE COMMUNITY AS A COLLECTIVITY. FINALLY, THE ISSUE
OF PARTICIPATION IN THE PROPOSED "ECONOMIC SUMMIT"
REMAINS TO BE DISCUSSED AT MINISTERIAL LEVEL, WITH THE
SUBJECT CLOUDED BY CONTINUING UNCERTAINTY AS TO WHETHER
SUCH A MEETING WILL IN FACT TAKE PLACE. MORRIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MONETARY AGREEMENTS, FOREIGN EXCHANGE RATES, CURRENCIES, GOLD CONTROLS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU07297
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750281-0532
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750849/aaaabrfrn.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 6135
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <29 SEP 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC DISCUSSIONS OF INTERNATIONAL MONETARY REFORM AND SHORT TERM ECONOMIC PROSPECTS
TAGS: EFIN, XG, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006